

JAMES S. GULEKE

IBLA 77-573

Decided February 8, 1978

Appeal from decision of the Montana State Office, Bureau of Land Management, requiring a new bond for oil and gas leasing activities. M-065500 (bond file).

Affirmed.

1. Oil and Gas Leases: Bonds

When a Statewide bond is reduced below the required amount because the U.S. Geological Survey recovered from the surety on the bond assessments against oil and gas leases, the Bureau of Land Management must require the principal on the bond to file a new bond or bonds in the appropriate amount.

APPEARANCES: James S. Guleke, pro se.

OPINION BY ADMINISTRATIVE JUDGE THOMPSON

James S. Guleke appeals from the August 10, 1977, decision of the Montana State Office, Bureau of Land Management (BLM), notifying him that his unit of bonding coverage is in default and allowing him 6 months to correct the deficiency. Appellant has maintained Statewide Oil and Gas Bond # 40036-13-2451-68 in the amount of \$25,000 for his oil and gas operations in Montana, M-065500 (bond file). The U.S. Geological Survey (Survey) had recovered from the surety on the bond, U.S. Fidelity and Guaranty Company, assessments totalling \$1,270 on leases M-1745 and M-1749.

In his statement of reasons, appellant requests reversal of the BLM decision and restoration of his bond. He alleges that the assessments against the bond by Survey were in error "as no physical damage to property did occur" and that the assessments were discriminatory and unnecessary.

Under 30 CFR 221.9 and 221.34, Survey must approve all well abandonments on oil and gas leases. 1/ Survey informed BLM in June and August 1977 that it had assessed leases M-1745 and M-1749 and had recovered the assessments from the surety.

[1] Whenever the surety of a bond covering an oil and gas lease makes payment under the bond to the United States, the face amount of the bond and the surety's liability under the bond are reduced by the amount of the payment. 43 CFR 3104.7-1. The principal is then required to post a new bond in the full amount, here \$25,000. 43 CFR 3104.7-2. As an alternative, the principal may file separate bonds for each oil and gas lease. 43 CFR 3104.7-3.

The BLM State Office applied the above regulations to appellant after Survey reduced his \$25,000 Statewide bond by recovering \$1,270 from the surety. The regulations are clear. Appellant must file a new \$25,000 Statewide bond or file separate bonds for each lease requiring one. Allegations that Survey improperly assessed appellant's leases, particularly unsubstantiated allegations, do not constitute appropriate grounds for reversing the BLM decision. Once BLM is notified that the bond has been reduced below the required coverage, it must enforce the regulations concerning such a situation. Appellant has not suggested any error by BLM regarding his bond. Alleged improper actions by Survey must be taken up with that agency, 2/ not with BLM after the fact. The decision by BLM requiring the necessary bond coverage is correct.

1/ It appears, although the record is not clear, that appellant has abandoned wells on three oil and gas leases: M-1745, M-1749 and M-1751. The bond file (M-065500) indicates that the wells have been abandoned at least since 1971.

2/ Appeals to the Director, Geological Survey, are governed by the regulations in 30 CFR Part 290.

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

Joan B. Thompson
Administrative Judge

We concur.

Douglas E. Henriques
Administrative Judge

Edward W. Stuebing
Administrative Judge

